

VZCZCXRO3422  
PP RUEHDA  
DE RUEHIT #1064 3511224  
ZNR UUUUU ZZH  
P 171224Z DEC 07  
FM AMCONSUL ISTANBUL  
TO RUEHAK/AMEMBASSY ANKARA PRIORITY 7336  
RUEHDA/AMCONSUL ADANA PRIORITY 2332  
RUEHC/SECSTATE WASHDC PRIORITY 7757

UNCLAS ISTANBUL 001064

SIPDIS

SIPDIS

E.O. 12958: N/A  
TAGS: [ECON](#) [ENRG](#) [TU](#)  
SUBJECT: NEW INVESTMENT IN ENERGY PROJECTS

[¶1.](#) (U) In a deal that will add nearly 3,000 megawatts of electrical generation in Turkey, GE Energy Financial Services is acquiring 50 percent of Gama Energy. Currently Gama Energy, a subsidiary of Gama Holdings, owns 1,150 megawatts generation capacity in Turkey and the partnership with GE will bring that number to 4,000 megawatts by 2011. Gama is expected to spend USD 3 billion to build hydroelectric, thermal, and wind generation plants in Turkey.

[¶2.](#) (U) At a press conference celebrating this partnership on December 10, James Burgoyne, GE Financial Services Managing Director, stated that Turkey's current electrical consumption is growing at 8 percent a year, requiring an additional 4,000 megawatts annually. Energy Secretary Guler noted Turkey will need USD 100 billion in investments in the energy sector by 2020 or else the country will face severe shortages.

[¶3.](#) (U) At an AmCham dinner on December 11, State Minister Mehmet Simsek underscored the need to ensure an adequate supply of electricity. He argued there was no alternative to privatization. Simsek conceded the pace to date had been "dismal," but indicated the situation had now reached a stage where the Government of Turkey must revive and accelerate the process. In response to Simsek's comments, GE Regional Executive for Southwest Asia Kursat Ozkan indicated that the Gama investment was likely to be the first of several GE investments in power generation in Turkey.

[¶4.](#) (U) Comment: New investment in Turkey's energy sector is good news; however electricity shortages are likely to occur before these new projects come to fruition. We have heard from EMRA (Energy Market Regulatory Authority) that Turkey may be short as much as 2,000 megawatts as early as summer [¶2008.](#)

WIENER